

# HOUSE BILL REPORT

## SB 5121

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**As Reported by House Committee On:**  
Commerce & Gaming  
Appropriations

**Title:** An act relating to establishing a marijuana research license.

**Brief Description:** Establishing a marijuana research license.

**Sponsors:** Senators Kohl-Welles, Rivers, Bailey, Pedersen, Lias, McAuliffe, Frockt, Chase, Keiser and Hatfield.

**Brief History:**

**Committee Activity:**

Commerce & Gaming: 3/23/15, 3/24/15 [DPA];

Appropriations: 4/6/15, 4/7/15 [DP(w/oCOG amd)].

**Brief Summary of Bill**

- Creates a license to grow marijuana for research purposes.
- Permits the University of Washington and Washington State University to collaborate with marijuana research licensees for research purposes.

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### HOUSE COMMITTEE ON COMMERCE & GAMING

**Majority Report:** Do pass as amended. Signed by 9 members: Representatives Hurst, Chair; Wylie, Vice Chair; Condotta, Ranking Minority Member; Holy, Assistant Ranking Minority Member; Blake, Kirby, Scott, Van De Wege and Vick.

**Staff:** David Rubenstein (786-7153).

**Background:**

Overview of Initiative Measure No. 502.

Initiative Measure No. 502 (I-502) was a ballot measure approved by Washington voters in November 2012 that: (1) legalized the production, processing, possession, and personal use of marijuana; (2) created a framework for a regulatory scheme to be further developed by the

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Liquor Control Board (LCB) through its rule-making authority; and (3) revised provisions in criminal statute to accommodate such legalization in accordance with the requirements of the initiative.

#### Licensing of Marijuana Producers, Processors, and Retailers.

The LCB is authorized to issue three categories of commercial marijuana licenses: (1) the marijuana producer's license entitles the holder to produce marijuana for sale at wholesale to licensed marijuana processors or other producers; (2) the marijuana processor's license entitles the holder to process, package, and label marijuana for sale at wholesale to marijuana retailers and other processors; and (3) the marijuana retailer's license entitles the holder to sell marijuana products at retail prices in retail outlets. No license expressly permits the licensee to conduct research on marijuana.

The three categories of marijuana licenses are subject to identical regulations regarding initial application fees and renewal fees. The initial application fee is \$250. The subsequent issuance and renewal fee, required annually, is \$1,000.

#### Life Sciences Discovery Fund.

In 2005, the Life Sciences Discovery Fund (LSDF) was created to promote life science research in Washington. The LSDF was authorized to receive tobacco settlement strategic contribution payments and leverage these state contribution payments by providing grant opportunities to support life sciences research and development. The LSDF is managed by the LSDF Authority, governed by a board consisting of legislators and persons appointed by the Governor. The LSDF Authority solicits and reviews grant applications.

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#### **Summary of Amended Bill:**

A marijuana research license is created, allowing holders to produce, possess, and deliver marijuana for the purposes of:

- testing chemical potency and composition;
- conducting clinical investigations of marijuana-derived drug products;
- conducting research on the efficacy and safety of marijuana use as medical treatment;
- and
- conducting genomic and agricultural research.

The license application fee is \$250, and the issuance and annual renewal fee is \$1,000. Half of all fees collected from a research license must be deposited in the LSDF. Licensing provisions applicable to marijuana producers, processors, and retailers are also applicable to marijuana research licensees.

An applicant for a marijuana research license must submit to the LSDF Authority a description of the research it intends to conduct, and the LSDF Authority must review the proposal for compliance with the license requirements. The application must be denied if the LSDF Authority determines that the proposed research does not comply with the allowable

areas of research or license requirements. The LSDF Authority must also review any research reports generated by licensees under LCB rules and determine the licensee's continued compliance with license requirements. Such reports are exempt from public disclosure if they contain proprietary information.

A marijuana research licensee may sell marijuana to other research licensees but not to any other person or entity. Research activities conducted under a valid research license do not constitute a violation of Washington law.

Research licensees may contract with the University of Washington (UW) and Washington State University (WSU) to collaborate in marijuana research projects, which must be approved by the LSDF Authority. Both the UW and WSU are given authority to contract with licensees to conduct research.

The LCB has authority to make rules regarding application and renewal requirements, conditions, security, quantity of marijuana and marijuana products, reporting, and other matters related to the research license.

**Amended Bill Compared to Original Bill:**

The striking amendment provides that the LSDF Authority receives 50 percent of the marijuana research license issuance fee. It also makes research licensees subject to certain licensing provisions applicable to marijuana producer, processor, and retailer licensees.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Although we know that certain strains of marijuana are effective for certain conditions, we have little reliable research on the efficacy of medical marijuana and this bill, which passed unanimously in the Senate, will go a long way to ensuring that medical marijuana is safe and effective. Collaboration between the LCB and LSDF Authority, which is well known and trusted in the life sciences research community, would help ensure meaningful research outcomes. Current licensing structure does not allow for research.

The cannabis genome is more diverse than the human genome and has an enormous variability. This license is needed to allow researchers to conduct genomic, microbial, and other research. Scientific research, unfettered by political interests, is important to quality of life. As one of the first states to legalize marijuana, Washington has an opportunity to capitalize on biomedical research capabilities. This bill will help bring scientific certainty to medical marijuana and jobs to the state.

The bill will also strengthen the marijuana industry as a whole. A weak winter this year has led to significant pest issues and may result in crop failures. Stronger research can mitigate those problems.

(Opposed) None.

(Other) Scientific research, unfettered by politics, is important to quality of life. However, the board in control of the projects to be proposed under this bill is too dominated by political interests. Scientists, not politicians, should dominate the process.

**Persons Testifying:** (In support) Senator Kohl-Welles, prime sponsor; Jessica Tonani, Verda Bio; Brad Douglass, The Wireless Shop; Jedidiah Haney, Cause-M; John Des Rosier, Life Sciences Discovery Fund; and James Paribello, Liquor Control Board.

(Other) Arthur West, National Freedom Alliance.

**Persons Signed In To Testify But Not Testifying:** None.

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass without amendment by Committee on Commerce & Gaming. Signed by 32 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Carlyle, Cody, Condotta, Dent, Dunshee, Fagan, Haler, Hansen, Hudgins, G. Hunt, S. Hunt, Jinkins, Kagi, Lytton, MacEwen, Magendanz, Pettigrew, Sawyer, Senn, Springer, Stokesbary, Sullivan, Taylor, Tharinger, Van Werven and Walkinshaw.

**Staff:** Melissa Palmer (786-7388).

### **Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Commerce & Gaming:**

The Appropriations Committee recommended the passage of the underlying Senate bill, which does not incorporate research in the Liquor Control Board statute pertaining to licensing provisions. Fifty percent of the application and renewal fees are deposited into the Life Science Discovery Fund, but the deposit does not include the 50 percent of the issuance fee.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Washington is currently in a unique place. With little effort, the state can become a national cannabis science center. This type of research would enable the production of better epileptic medicines and cannabis strains with greater efficacy. In order for this research to occur, the state needs to provide a legal framework. Right now, there is no place in the country where such research can occur. In a decade, this type of research will be allowed everywhere. If Washington allows research to take place now, it would further attract scientific minds. This could be like the "dot com" industry for Washington. To liken this to a story, imagine being back in the era of the caveman with a tribe located near a tree. Imagine that lightning strikes a tree near the tribe and starts a fire. Now this tribe would have the advantage of fire and would thrive because it is more enlightened. Similarly, allowing this type of research would increase knowledge regarding cannabis on multiple levels.

(Opposed) None.

**Persons Testifying:** Muraco Kyashna-Tocha, Green Buddha; and Chris Maxwell, Cloud Market.

**Persons Signed In To Testify But Not Testifying:** None.